



Annual Report

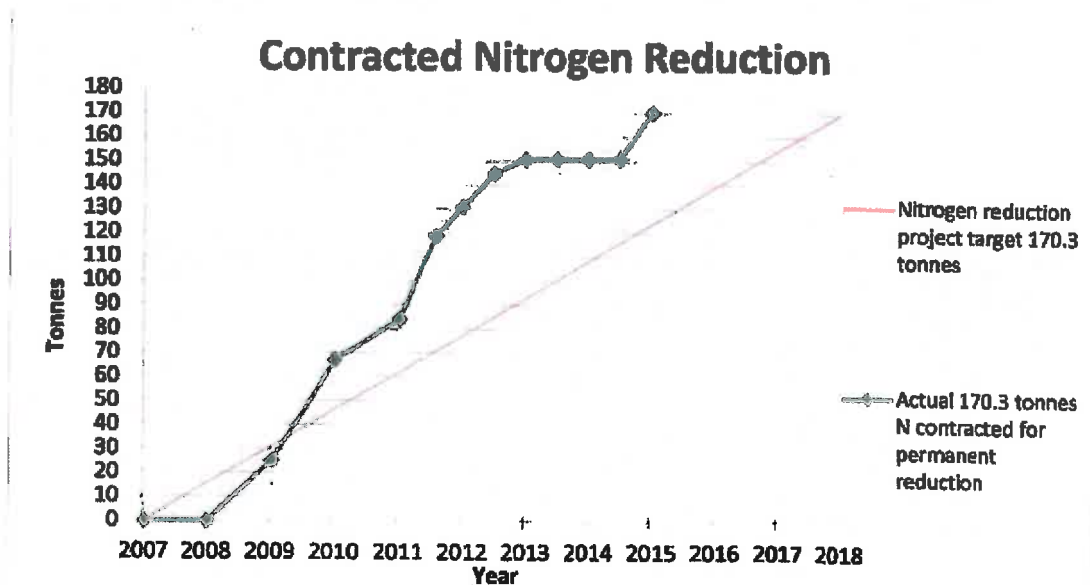
**On Trust operations for the
Financial Year Ended 30 June 2023**



Report

1.0 Background

- 1.1 In February 2007 the Crown, Waikato Regional Council and Taupō District Council co-signed an agreement to contribute to a joint public fund to be used to undertake strategies and actions to reduce the amount of nitrogen from entering the Lake Taupō catchment. This saw the establishment of the Lake Taupō Protection Trust in 2007 to administer an \$80 million fund with the purpose of maintaining water quality in Lake Taupō through a reduction in the manageable nitrogen levels entering Lake Taupō by 20%.
- 1.2 The funds have been used to encourage and assist land use change, to purchase land/nitrogen in the Lake Taupō catchment and to fund any other initiatives that assisted landowners to reduce the nitrogen impact of their activities on Lake Taupō.
- 1.3 The Trust reports to a Joint Committee made up of representatives from the Ngāti Tūwharetoa Trust Board, the Crown (Ministry for the Environment), Waikato Regional Council and Taupō District Council.
- 1.4 A key activity undertaken by the Trust has been to enter into 27 contractual agreements with landowners (nitrogen reduction agreements). These agreements have a term of 999 years and require ongoing monitoring and contractual oversight to ensure that the terms and conditions of the contracts are adhered to and the investment made by the funding partners to the of the project is protected.
- 1.5 The agreements provided for the purchase of landowner nitrogen allowances and for changes in land use. The Trust entered into the final nitrogen reduction agreement in 2015. Over the 2015 - 2018 period the Trust completed the remaining annual nitrogen reduction payments and on farm nitrogen reductions were achieved.
- 1.6 The Trust now focuses on monitoring landowner compliance with the agreements.



2.0 Trust operations

Nitrogen Reduction Agreement Monitoring

- 2.1 The nitrogen reduction agreements have continued to be monitored for compliance throughout the year. Waikato Regional Council confirmed to the Trust that all contracted landowner's onsite operations achieved compliance with their allowable nitrogen discharge for the year.
- 2.2 The Trust undertook aerial monitoring in November 2022 to view afforested blocks for compliance purposes, no concerns were detected.

Variations to Landowner Agreements

- 2.4 In December 2020, Overseer version 5.4.3 used by Waikato Regional Council (WRC) for monitoring on-farm compliance was discontinued which resulted in a shift to a new version - OverseerFM. The change required WRC's review of resource consents. To expediate the consent review process for properties that have a nitrogen reduction agreement with the Trust, the Trust contributed financially to enable WRC to give priority to resourcing and undertaking reviews of interest.
- 2.5 The Trust has needed to enter into Deeds of Variation with contracted landowners in order to capture the Overseer version change. Several landowners have signed variations but many are yet to be received.
- 2.6 The Trust received and processed landowner variation requests not related to the Overseer change during the reporting period. The variation requests required careful thought, consideration and decision making by Trustees noting each decision is potentially precedent setting.

3.0 Financial position

- 3.1 The Trust operated on residual funds with income from Taupō District Council, and interest earned from term deposit activities. Alongside the annual budget, the Trust continued to maintain its cash flow projection.
- 3.2 The Trust reported and confirmed to the Joint Committee throughout the reporting period that it had sufficient funds to cover operating costs for the year ended 30 June 2023; residual funds were projected.

4.0 Audit

- 4.1 The 2021/22 audit commenced late March 2023 and completed during the month of May 2023. The audit was late being scheduled due to the ongoing effects of Covid19 and a shortage of auditor resources.
- 4.2 Audit NZ reported an unmodified audit opinion to trustees on 15 May 2023 for the financial year ended 30 June 2022.

5.0 Trustees and staff

- 5.1 The Trust continued to operate with four trustees, and one part-time staff member.
- 5.2 On 30 June 2023 the trustees retired from office and the staff member's employment ended.
- 5.3 Taupō District Council was appointed the sole Trustee of the Trust on 30 June 2023.

6.0 Review of the Lake Taupō Protection Project

6.1 In 2022 the Joint Committee engaged KPMG to undertake a section 17A Local Government Act review of the Trust. As a result of the review the Joint Committee resolved to commence the process to transition the current management functions to Taupō District Council.

7.0 Looking ahead

7.1 The Trust will continue to:

- Focus on ongoing compliance with the nitrogen reduction agreements
- Process nitrogen reduction agreement variation requests
- Report to the funding partners and the Tūwharetoa Māori Trust Board

8.0 Looking back over the operating term of the Lake Taupō Protection Trust 2007- 2023

8.1 The Lake Taupō Protection Project has been groundbreaking and achieved the 20% nitrogen reduction four years ahead of target.

8.2 The Project's structure was conducive to the goal of reducing and removing 20% of nitrogen from entering Lake Taupō in perpetuity. The establishment of the Trust as the delivery vehicle, operating as a Council Controlled Organisation with charitable status, was advantageous to the purpose and goal, and one of the tools that has aided the success of the project.

8.3 The Trust benefited from the appointment and continuity of past and present trustees. The individual and collective skills and experience of each trustee and staff member contributed to the success of Trust operations.

8.4 The vision to introduce contracted afforestation nitrogen parties to an energy company resulting in carbon agreements and additional carbon credit income, was innovative.

8.5 It is important to acknowledge the extremely important role of Ngāti Tūwharetoa, their economic authorities and their ongoing contributions to the project. Ngāti Tūwharetoa's willingness to work and trade with the Trust contributed immensely to the success of the Trust achieving its nitrogen reduction goal.

8.6 The Trust acknowledges the contribution of various entities that traded nitrogen with the Trust. Their involvement and collective commitment has contributed to the project's success.

9.0 Thanks

9.1 Thank you to the Trustees and staff involved with the Trust since its inception for their years of hard work and dedication. Thank you also to the many key stakeholders and individuals who have supported and contributed to the success of the Trust to date.

10.0 Nature and Scope of Activities

Fund Management

10.1 The Trust's Treasury Policy (incorporating Liability Management and Investment Policies) guides the Trust investments and financial transactions; the policy was reviewed during the year.

10.2 As mentioned above, the Trust operated to a cash flow projection. This document allowed Trustees to monitor and measure against financial projection forecasts.

11.0 Future Direction

- 11.1 A new trustee has been appointed to undertake Trust operations effective 01 July 2023. The Trust is to continue its operations.

12.0 Administration

Six monthly reporting to the Joint Committee

- 12.1 The Trust fulfilled its 6-monthly financial and qualitative reporting requirements to the Joint Committee and complied with the reporting times.

Statement of Intent (SOI)

- 12.2 The Trust undertook the SOI process in accordance with the requirements of Clause 14 of the Trust Deed thereby fulfilling its obligations. The SOI was approved and submitted to the Joint Committee in May 2022.

Meetings

- 12.3 The Lake Taupō Protection Trust held nine meetings throughout the year which were a combination of online video conferencing, and face to face, meetings.
- 12.4 The Trust chair and manager attended scheduled Joint Committee meetings throughout the year.

Council Controlled Organisation Requirements

- 12.5 The Trust fulfilled its 'council-controlled organisation' requirements as prescribed in the Local Government Act with the exception that the Statement of Intent published for the financial year ended 30 June 2023 did not include forecast financial statements of the Trust for 2023 or for the two following financial years. Although the Trust did not publish budget information in its Statement of Intent, the Trust did include budget figures in the financial statements for the year ended 30 June 2023 that comply with PBE IPSAS 1.

Service Level Agreements

- 12.6 The Trust retained the ongoing external services for the provision of accounting and legal services, and forestry consultant services on an 'as required' basis.

13.0 Ratio of Consolidated Shareholder Funds

- 13.1 Because of the nature of the Trust's business there was no specific target ratio of consolidated shareholders' funds to total assets.

14.0 Accounting Policies

- 14.1 Trust operations which involved purchasing Nitrogen reductions over time and allowing nitrogen reductions to take place over that time had specialist accounting advice to ensure that the Trust met the requirements of GAAP and PBE IPSAS.

15.0 Estimate of Distribution to Shareholders

- 15.1 Other than agreed services, there were no distributions to Funding Bodies or beneficiaries, and neither are any envisaged.

16.0 Operational Performance Objectives for the Financial Year ended 30 June 2023

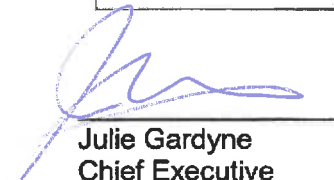
Action	Performance
<p>The Trust will operate in alignment with the Trust Deed, the Statement of Intent, annual operating targets and in compliance with the provisions applicable to it under the Local Government Act.</p>	<p>Achieved, with one exception.</p> <p>Exceptions</p> <p>The annual audit of the Trust for the year 30 June 2022 was deferred by Audit NZ who cited ongoing consequential effects due to Covid19 and a national shortage of auditors.</p> <p>The 30 June 2022 audit commenced late March 2023 and completed May 2023. This resulted in the Trust not being able to fulfil its requirements under section 67(5) of the Local Government Act 2002, the Trust Deed, and filing requirements with the Charities Commission by 31 December 2022.</p> <p>The Annual Return was filed with the Charities Commission on 20 June 2023 having been granted an extension to 30 June 2023.</p> <p>The Statement of Intent published for the financial year ended 30 June 2023 did not include forecast financial statements of the Trust for 2023 or for the two following financial years. Although the Trust did not publish budget information in its Statement of Intent, the Trust did include budget figures in the financial statements for the year ended 30 June 2023 that comply with PBE IPSAS 1.</p> <p>The 2023/24 SOI was not adopted in line with section 64 and clause 3 of schedule 8 of the Local Government Act 2002. This was due to the Trust working to the assumption that it would be wound up by the 30 June 2023 and that there would be no requirement for a Statement of Intent for the Trust from 1 July 2024.</p>
<p>The Trust will report the cash flow projection to the Joint Committee.</p>	<p>Achieved.</p>

Continue to administer Trust Nitrogen Reduction Agreements for compliance.	Achieved.
Continue to undertake responsibilities identified for the Trust under the Taupō Catchment Compliance Monitoring Plan and generally support the operation of those Plans by the other joint parties including the Trust's support of the Lake Taupō Protection Project's Communication Plan.	Ongoing.

Statement of Intent (SOI) Targets & Performance against targets

Actions	Performance Measures	Performance against target
Carry out Trust operations out in accordance with the approved annual budget.	Financial statements are reported to trustees quarterly throughout the year, no surprises.	Quarterly reporting achieved.
Oversee the financial position of the Trust to meet and maintain budgeted cash flow projection.	Cash Flow Projection in place, updated and reported to Trustees quarterly.	Quarterly reporting achieved.
Ensure that all nitrogen reduction agreements are being complied with to achieve the overall Nitrogen reduction target of 170,300 kgs.	Nitrogen reduction agreements are compliant; any contractual failure is addressed and if relevant, to achieve repatriation of any loss of nitrogen.	All nitrogen reduction agreements were compliant.
Incoming correspondence relating to the nitrogen reduction agreements is processed in a timely manner.	No complaints received because of time delays.	Achieved; no complaints.
Track that annual compliance monitoring letters are received from Waikato Regional Council for farms that the Trust has an interest in.	Monitoring compliance results are received from Waikato Regional Council in accordance with monitoring plan timelines, and the results reported to trustees, and copies provided to Audit NZ for inclusion with the Trust's annual audit.	Receipt of annual compliance monitoring for the 2021/2022 farming year completed in May 2023; all contracted parties achieved compliance.
Participate and assistance in the annual audit of the Trust.	Positive audit result.	Achieved unmodified audit opinion.

Report the cash flow projection to the Joint Committee (to show the ability of the Trust to operate within budget).	Cash flow projection reported to the Joint Committee before balance date.	Achieved.
Keep the Joint Committee up to date with any planned or proposed monitoring activities in relation to the nitrogen reduction agreements as prescribed in the Deed of Variation - Schedule of Changes to the Monitoring Deed.	Joint Committee up to date with any Trust monitoring activities undertaken or proposed by way of quarterly reporting.	Joint Committee informed of pro-active aerial monitoring activities.
Continue to liaise with Waikato Regional Council staff regarding their use of OverseerFM and the regional plan, to ensure there are no impacts that may affect the Nitrogen reduction agreements.	Trustees are kept up to date with any OverseerFM issues that may impact Nitrogen reduction agreements.	Trustees were kept informed of external timing delays relating to resource consent reviews (OverseerFM) which caused a time delay for the Trust to progress Deeds of Variation with contracted parties relating to the Overseer version change.
Carry out Trust responsibilities identified in the Taupo Catchment Compliance Monitoring Plan and provide support in the operation of the plan with other joint parties, which includes the Trust's support of the Lake Taupo Protection Project's Communication Plan.	Trust actions completed and the Taupo Catchment Compliance Monitoring Plan is supported on an ongoing basis.	Fulfilled the Trust requirements detailed in the plan.
Provide ongoing support as required in the operation of the Lake Taupo Catchment Compliance Framework.	Support provided as required to achieve the aims of the Lake Taupo Catchment Compliance Framework.	No LTPT support was requested.
Participate in the independent review of the Lake Taupo Protection Project from a project management perspective.	Trustees and staff are engaged in the review process.	LTPT contributed as required throughout the review process.



Julie Gardyne
Chief Executive
Taupō District Council

**The Lake Taupo Protection Trust
Statement of Comprehensive Revenue and Expense
For the Year Ended 30 June 2023**



	Note	Actual 2023	Budget 2023	Actual 2022
Revenue from Non-Exchange Transactions				
Council operating grants		195,418	195,418	195,418
Government grants		-	-	-
Total Revenue from Non-Exchange Transactions		<u>195,418</u>	<u>195,418</u>	<u>195,418</u>
Revenue from Exchange Transactions				
Interest		32,857	5,000	10,151
Total Revenue from Exchange Transactions		<u>32,857</u>	<u>5,000</u>	<u>10,151</u>
Total Revenue		<u>228,275</u>	<u>200,418</u>	<u>205,569</u>
Expenses				
Depreciation & amortisation	8	568	1,200	1,470
Employee benefit costs	2	101,469	88,558	98,825
Operating lease expense		8,640	1,206	8,840
Trustee fees	3	61,000	61,000	61,000
Other expenses	4	242,578	493,716	70,169
Total expenses		<u>414,255</u>	<u>645,680</u>	<u>240,304</u>
Operating Surplus /(Loss)		<u>(185,980)</u>	<u>(445,262)</u>	<u>(34,735)</u>
Other gains/(losses)		(722)	-	-
Net Surplus /(Loss) for the year attributable to trust beneficiaries		<u>(186,702)</u>	<u>(445,262)</u>	<u>(34,735)</u>
Other Comprehensive Revenue		-	-	-
Total Comprehensive Revenue and (Expense) for the year attributable to trust beneficiaries		<u>(186,702)</u>	<u>(445,262)</u>	<u>(34,735)</u>

Explanations of major variances against budget are detailed in note 21.

The accompanying notes form part of these financial statements.

**The Lake Taupo Protection Trust
Statement of Changes in Net Assets/Equity
For the Year Ended 30 June 2023**



	Note	Actual 2023	Budget 2023	Actual 2022
Balance at 1 July		928,702	922,943	963,437
Surplus/(Loss) for the year		(186,702)	(445,262)	(34,735)
Other Comprehensive revenue and expense		-	-	-
Total Comprehensive revenue and expense for the period		(186,702)	(445,262)	(34,735)
Balance at 30 June	11	<u>742,000</u>	<u>477,681</u>	<u>928,702</u>


Explanations of major variances against budget are detailed in Note 21.

**The Lake Taupo Protection Trust
Statement of Financial Position
As At 30 June 2023**



	Note	Actual 2023	Budget 2023	Actual 2022
ASSETS				
Current assets				
Cash & cash equivalents	5	811,320	181,241	252,606
Term Investments	6	-	300,000	751,310
GST refund due from IRD		12,416	42,957	6,807
Debtors and other receivables from exchange transactions	7	-	5,739	8,700
Debtors and other receivables from non-exchange transactions	7	-	-	-
Property, plant & equipment	8	567	722	1,856
Prepayments	15	5,158	2,677	2,486
Total current assets		829,461	533,336	1,023,765
Total assets		829,461	533,336	1,023,765
LIABILITIES				
Current liabilities				
Creditors & other payables	9	87,461	26,110	62,867
GST to pay to IRD		-	-	-
Employee entitlements	10	-	29,545	32,196
Total current liabilities		87,461	55,655	95,063
Total liabilities		87,461	55,655	95,063
Net assets		742,000	477,681	928,702
Trust Equity				
Equity attributable to the beneficiaries of the Trust				
Contributed capital	11	10	10	10
Accumulated comprehensive revenue and expense	11	741,990	477,671	928,692
Total equity		742,000	477,681	928,702

Explanations of major variances against budget are detailed in Note 21.


Chairman
Dated: 25.09.2023

The accompanying notes form part of these financial statements.

**The Lake Taupo Protection Trust
Statement of Cash Flows
For the Year Ended 30 June 2023**



	Note	Actual 2023	Budget 2023	Actual 2022
Cash flows from operating activities				
Council operating grants - Non exchange transactions		195,418	195,418	195,418
Government grants - Non exchange transactions		-		-
Interest received - Exchange transactions		40,069	5,000	2,939
Payments to suppliers and employees		(422,474)	(644,478)	(207,223)
Goods and services tax (net)		(5,609)	(41,910)	(4,228)
Net cash from operating activities	12	<u>(192,596)</u>	<u>(485,970)</u>	<u>(13,094)</u>
Cash flows from investing activities				
Purchase of property, plant and equipment		-	-	-
Sale of property, plant and equipment		-		495
Change in term deposit investments		751,310	-	(751,310)
Net cash from investing activities		<u>751,310</u>	<u>-</u>	<u>(750,815)</u>
Cash flows from financing activities				
Proceeds from borrowings		-	-	-
Repayments of borrowings		-	-	-
Net cash from financing activities		<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash, cash equivalents and bank overdrafts				
		558,714	(485,970)	(763,909)
Cash, cash equivalents and bank overdrafts at the beginning of the year		252,606	967,213	1,016,515
Cash, cash equivalents and bank overdrafts at end of year	5	<u>811,320</u>	<u>481,241</u>	<u>252,606</u>

Other explanations of major variances against budget are detailed in Note 21.

The accompanying notes form part of these financial statements.

1 Statement of Significant Accounting Policies for the year Ended 30 June 2023

Reporting Entity

The Lake Taupo Protection Trust (the Trust) is a charitable trust incorporated in New Zealand, on 9 February 2007, under the Charitable Trusts Act 1957 and the Charities Act 2005 and is domiciled in New Zealand. The Trust is controlled by the sole Trustee, Taupo District Council, and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002.

The primary objective of the Trust is the maintenance of water quality in Lake Taupo through a reduction in nitrogen levels in the Lake Taupo Catchment Area. The Trust's purposes are for the benefit of people in the communities surrounding Lake Taupo and of New Zealand. As the Trust's primary objective is to provide services for community and social benefit, rather than making a financial return, the Trust is a public benefit entity for the purpose of financial reporting.

The financial statements of the Trust are for the year ended 30 June 2023. The financial statements were authorised for issue by the Trustee - Taupo District Council on 25 September 2023.

As at 30th June 2023 Nitrogen Reduction Agreements are in place and have achieved the overall reduction target of 170.3 tonnes. All Nitrogen Reduction Agreements were compliant with their Total Annual Nitrogen Discharge Allowance as confirmed in writing by Waikato Regional Council to the Trust.

Future of the Trust

* The Settlers (Waikato Regional Council, Taupo District Council, and Ministry for the Environment) to the Lake Taupo Protection Project originally agreed to extend the operation of the Trust until 30 June 2023.

* A review of the Lake Taupo Protection project was undertaken during the year ended 30 June 2023. The review considered whether the current project governance, and the Trust's management, is the most effective and efficient model to manage the nitrogen reduction agreements into the future. The Settlers and the existing trustees subsequently signed a Deed of Variation (dated 30 June 2023) whereby the existing Trustees retired and Taupo District Council was appointed sole Trustee.

Basis of preparation

The financial statements have been prepared on the going concern basis, and accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of the Trust have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with Tier 2 PBE Standards. The Trust is eligible to report in accordance with Tier 2 PBE Standards due to the Trust not being publicly accountable or large, as defined by the *External Reporting Board (XRB) Standard A1: Application of Accounting Standards*. 'Large' is defined as the entity having expenses greater than \$30million. The Trust does qualify for Tier 3 PBE Standards but has elected to report under Tier 2 PBE Standards.

Measurement base

The financial statements have been prepared on a historical cost basis.

Functional & presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars.

Explanations of major variances against budget are detailed in note 21.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenue is measured at the fair value of consideration received.

Grants

Grants received from Waikato Regional Council, Taupo District Council and the Ministry for the Environment are the primary source of funding to the Trust and are restricted for the purposes of the Trust meeting its objectives as specified in the trust deed.

Council, government and non-government grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation the grants are initially recorded as grants received in advance, and recognised as revenue when conditions of the grant are satisfied.

Interest

Interest income is recognised using the effective interest method.

Leases

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as expenses on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings as a current liability in the statement of financial position.

Debtors and other receivables

Short term debtors and other receivables are recorded at their face value, less any provision for impairment.

The provision for impairment of general debtors is based on an expected credit loss (ECL) model, in addition to individual impairment where specific indicators for impairment exist. In assessing credit losses for receivables, the Trust apply the simplified approach and record lifetime ECL on receivables. Lifetime ECL result from all possible default events over of the life of a receivable. The Trust use a provision matrix based on historical credit loss experience upon initial recognition of a receivable, using reasonable assumptions and any available customer information.

Creditors and other payables

Creditors and other payables are recorded at their face value.

Investments

Investments in bank deposits are initially measured at fair value plus transaction costs.

After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Statement of Comprehensive Revenue and Expense.

At each reporting date the Trust assesses whether there is any objective evidence that an investment is impaired. Any impairment losses are recognised in the Statement of Comprehensive Revenue and Expense.

Property, Plant & Equipment

Property, Plant & Equipment are shown at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefit or service potential associated with the item will flow to the Trust and the cost of an item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the Statement of Comprehensive Revenue and Expense.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefit or service potential associated with the item will flow to the Trust and the cost of an item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Furniture and fittings	8.5% - 67% Straight line depreciation rate
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The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Impairment of non-financial assets

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Trust would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment is recognised in the Statement of Comprehensive Revenue and Expense.

Employee entitlements

Short-term entitlements

Entitlements that the Trust expects to be settled within 12 months of the reporting date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date.

Good and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, excluding the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget was approved by the Board of Trustees on 27 May 2022 and endorsed by the Joint Committee. The budget figures have been prepared in accordance with PBE IPSAS, using accounting policies that are consistent with those adopted by the Trust for the preparation of the financial statements.

Income Tax

The Lake Taupo Protection Trust is exempt from income tax as they are a registered charity with the Charities Commission.

Critical accounting estimates and assumptions

In preparing these financial statements the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Compliance of Nitrogen Reduction Agreements

Critical assumptions are made in relation to the nitrogen reduction agreements in that an assumption is made that the land owner is either complying with the legal agreement or will in the future comply with the agreement for on-going nitrogen reduction. Many of the nitrogen reduction agreements have post settlement conditions to be completed over time, such as afforestation of the property, or a reduction in the level of nitrogen by less intensive farming activities. While assumptions are needed to be made before there is evidence that either the nitrogen reduction activities have reduced the nitrogen being emitted to the appropriate level, or that the correct area has been afforested, these assumptions are supported by the requirements of the resource consent and the on-going monitoring of the nitrogen reductions by Waikato Regional Council.

The nitrogen reduction expense is recorded in the financial statements when it is understood that the third parties have met their nitrogen reduction obligations as per their nitrogen reduction agreements. If a nitrogen reduction payment is made to a landowner per their payment schedule but the nitrogen reduction obligations have not been met then the payment is recorded as a prepayment until these obligations have been met and then the payment is recorded as an expense. When the Trust enters into nitrogen reduction agreements with the land owners and the nitrogen reduction agreements have obligations that are not due to be met until dates in the future, the Trust will record the expected liability as a contingent liability on the assumption that it is likely that the landowner will meet the conditions. These contingent liabilities are listed in note 14 of the financial statements.

Critical judgements in applying the Trust accounting policies

The Trustees must exercise their judgement when recognising grant income to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evidence for each grant contract.

Adoption of new standards

PBE IPSAS 41 Financial Instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments which supersedes PBE IFRS 9 and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The main changes under PBE IPSAS 41 that effect LTPT are;

- New classification and measurement requirements for how the amount of change in fair value of financial liabilities is accounted for.
- A new impairment model for financial assets based on expected losses, which may result in earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management risks.

The Trust has adopted this standard in preparing the financials statements for the year ended June 2023. For the Trust, adoption of the standard has not resulted in any material effect on the 2023 annual report. The Trust does not apply hedge accounting.

The main changes to the Trust's accounting policies are:

- The categorisation of Financial assets (note 17), from 'Loans & Receivables' to 'Amortised cost'.

Failure to issue a statement of intent for the reporting period beginning 1 July 2023

The 2023/24 SOI was not adopted in line with section 64 and clause 3 of schedule 8 of the Local Government Act 2002. This was due to the Trust working to the assumption that it would be wound up by the 30 June 2023 and that there would be no requirement for a Statement of Intent for the Trust from 1 July 2024..

**The Lake Taupo Protection Trust
Notes to the Financial Statements
For the Year Ended 30 June 2023**



2 Employee benefit costs

	Actual 2023	Actual 2022
Salaries and wages		
Kiwisaver contributions	130,823	91,655
Increase/ (decrease) in employee benefit liabilities	2,844	2,942
Total employee benefit costs	(32,196)	4,228
	101,469	98,825

3 Trustee fees

	Actual 2023	Actual 2022
Trustee Fees		
Total Trustee Fees	61,000	61,000
	61,000	61,000

4 Other expenses

	Actual 2023	Actual 2022
<i>Fees to Auditors:</i>		
Audit fees for financial statement audit (2022)		
Audit fees for financial statement audit (2023)	-	25,472
<i>Other Expenses:</i>	31,198	-
Legal Expenses		
Project Review Costs	50,418	6,149
Resource Consent Monitoring Charges	88,880	-
Other Expenses	19,953	-
Trustee Claims	50,894	37,223
Total Other Expenses	1,235	1,325
	242,578	70,169

5 Cash & Cash Equivalents

	Actual 2023	Actual 2022
Cash at Bank and On Hand		
Net Cash and Cash Equivalents and bank overdrafts for the purposes of the Statement of Cashflows.	811,320	252,606
	811,320	252,606

The carrying value of cash at bank and short-term deposits with maturity dates of three months or less approximates their fair value. Term deposits with maturities of less than 3 months at acquisition are required to be disclosed as cash and cash equivalents.

6 Term Investment

	Actual 2023	Actual 2022
BNZ Term Deposit		
BNZ Term Deposit	-	251,310
Net Cash and Cash Equivalents and bank overdrafts for the purposes of the Statement of Cashflows.	-	500,000
	-	751,310

The start date of the \$251,310 BNZ term deposit was 7th June 2022 and it matured on the 7th December 2022. Interest rate was 3.35%. The start date of the \$500,000 BNZ term deposit was 1 July 2021 and it matured on the 1 July 2022. Interest rate was 1.34%.

7 Debtors & other receivables

	Actual 2023	Actual 2022
Gross debtors and other receivables from exchange transactions		
Related Party Receivables	-	8,700
Less provision for impairment	-	-
Total debtors & other receivables	-	8,700

Fair Value

Debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms. Therefore, the carrying value of debtors and other receivables approximates their fair value.

Impairment

The carrying amount of receivable that would otherwise be past due or impaired whose terms have been renegotiated is \$0 (2022 \$nil).

The status of receivables as at 30 June 2023 and 2022 are as follows:

	2023			2022		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	-	-	-	-	-	-
Total	-	-	-	8,700	-	8,700
	-	-	-	8,700	-	8,700

The trust holds no collateral or other credit enhancements for financial instruments that give rise to credit risk, including those instruments that are overdue or impaired.

8 Property, plant and equipment

	Furniture & fittings	Total
Cost		
Balance at 1 July 2021		
Additions	13,699	13,699
Disposals	-	-
Balance at 30 June 2022	13,699	13,699
Balance at 1 July 2022		
Additions	13,699	13,699
Disposals	-	-
Balance at 30 June 2023	(11,107)	(11,107)
	2,592	2,592
Accumulated depreciation and impairment losses		
Balance at 1 July 2021		
Depreciation expense	10,373	10,373
Impairment losses	1,470	1,470
Disposals	-	-
Balance at 30 June 2022	11,843	11,843
Balance at 1 July 2022		
Depreciation expense	11,843	11,843
Impairment losses	568	568
Disposals	-	-
Balance at 30 June 2023	(10,386)	(10,386)
	2,025	2,025
Carrying amounts		
At 1 July 2021		
At 30 June and 1 July 2022	3,326	3,326
At 30 June 2023	1,856	1,856
	567	567

There are no restrictions over the Trust's property, plant and equipment, nor is any property, plant and equipment pledged as security for liabilities.

**The Lake Taupo Protection Trust
Notes to the Financial Statements
For the Year Ended 30 June 2023**



9 Creditors & other payables

	Actual 2023	Actual 2022
Creditors		
Related party payables	22,369	28,895
Accrued expenses	22,945	-
Total creditors & other payables	42,147	33,972
	67,461	62,867

Creditors and other payables are non interest bearing and are normally settled in 30 day terms, therefore the carrying value approximates their fair value.

10 Employee entitlements

	Actual 2023	Actual 2022
Accrued salaries and wages	-	-
Annual leave	-	-
Total employee benefit liabilities	-	32,196
Comprising:		
Current	-	-
Non-current	-	32,196
Total employee benefit liabilities	-	32,196

11 Reconciliation of Equity

	Actual 2023	Actual 2022
Contributed Capital		
Balance at 1 July	-	-
Capital Contribution	10	10
Balance at 30 June	10	10
Accumulated comprehensive revenue and expenses		
Balance at 1 July	928,692	963,427
Surplus (deficit) for the year	(186,702)	(34,735)
Balance at 30 June	741,990	928,692
Total Equity	742,000	928,702

12 Reconciliation of net deficit to cash from operating activities.

	Actual 2023	Actual 2022
Surplus/(Deficit) for the year	(186,702)	(34,735)
Add / (less) non-cash items		
Depreciation and amortisation expense	568	1,470
Loss of Sale of Fixed Assets	722	-
Add / (less) movements in working capital items		
Debtors & other receivables	8,700	(7,962)
GST	(5,610)	(4,228)
Prepayments	(2,672)	191
Creditors & other payables	24,594	27,942
Employee benefits	(32,196)	4,228
Net Cash from Operating activities	(192,596)	(13,094)

13 Capital Commitments & Operating Leases

	Actual 2023	Actual 2022
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment.	-	-
Operating leases as lessee		
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:		
Not later than one year	-	-
Later than one year and not later than 5 years	-	70
Later than 5 years	-	-
Total non-cancellable operating leases	-	70

Last year the only lease the Trust had was for the photocopy machine.

There are no restrictions placed on the Trust by any of its leasing arrangements.

14 Contingencies

Contingent Assets

The trust does not have any contingent assets as at 30 June 2023. (2022: Nil)

Contingent Liabilities

The trust does not have any contingent liabilities as at 30 June 2023. (2022: Due to uncertainty of the windup cost the actual cost was undeterminable.)

15 Prepayments

	Actual 2023	Actual 2022
Insurance (Current)	-	-
Total Current Prepayments	5,158	2,486
Total Non- Current Prepayments	-	-
Total Prepayments	5,158	2,486

Prepayments classified as current relate to insurance.

16 Related Party Transactions

For the purpose of these financial statements the trust has limited the related parties to the original settlers and trustees.

The Trust was settled by Waikato Regional Council (WRC), Taupo District Council (TDC) and Ministry for the Environment (MfE). A significant amount of operating grants have been received from these parties in order for the Trust to deliver its objectives as specified in the Trust deed. In the 2022 and 2023 year the operating grants were from Taupo District Council only.

All transactions with related parties were on normal commercial or standard terms.

17 Categories of Financial Assets & Liabilities

The carrying amounts of financial assets and liabilities of each of the PBE IPSAS 41 categories are as follows:

	Actual 2023	Actual 2022
FINANCIAL ASSETS		
Amortised cost (2022: Loans & Receivables)		
Cash & Cash Equivalents (note 5)		
Term Deposit Investment (note 6)	811,320	252,605
Debtors & Other Receivables (note 7)	-	751,310
Total Loans & Receivables	-	8,700
	811,320	1,012,616
FINANCIAL LIABILITIES		
Amortised cost		
Creditor & other payables (note 9)	87,461	62,867
Total Financial Liabilities measured at amortised cost	87,461	62,867

PBE IPSAS 41 replaces PBE IPSAS 29 and is effective for the year ending 30 June 2023. Adoption of this standard has not resulted in any material effects on the 2023 annual report. In accordance with the transitional provisions in PBE IPSAS 41, the Trust has elected not to restate the comparative information and the comparative information continues to be reported under the PBE IPSAS 29.

18 Key management personnel compensation

	Actual 2023	Actual 2022
Board Members		
Remuneration		
Full-time equivalent members	61,000	61,000
	0.09	0.09
Senior Management Team		
Remuneration		
Full-time equivalent members	101,469	98,825
	0.60	0.80
Total key management personnel remuneration	162,469	159,825
Total full-time equivalent personnel	0.69	0.89

The senior management team changed on the 1st December 2021 from being 1 full time equivalent member to being .6 of a full time equivalent member. The 2023 Senior Management Team remuneration includes the final payout of all holiday pay due to team member retiring.

19 Capital Management

The Trust's capital is its equity, which comprises Trust capital and retained surpluses. Equity is represented by net assets.

The trust deed requires the Board of Trustees to manage its revenue, expenses, assets, liabilities, investments, and general financial dealings prudently. The Trust's equity is largely managed as a by-product of managing revenue, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing the Trust's equity is to ensure the Trust effectively achieves its objectives and purpose, whilst remaining a going concern.

20 Events after the Reporting Date

There were no significant events after the reporting date.

21 Explanation of Significant Variances Against Budget

Explanations for significant variations from the Trust's budgeted figures in the 2022/2023 year are as follows:

Statement of Comprehensive Income

	Actual	Budget	Variance
Interest			
Interest Income is more than budgeted by \$27,857 due to increased interest rates for funds being held in the call account and term deposits and also the Trust had more funds in the bank due to not having any wind-up costs.	32,857	5,000	27,857
Other Expenses			
Other Expenses are less than budgeted by \$251,138. This is mainly due to the windup expenses budgeted not occurring during this financial year.	242,578	493,716	(251,138)

Statement of Changes in Equity

	Actual	Budget	Variance
Total Equity			
The Equity for the year is \$264,319 more than budgeted due to the decrease in the loss for the year which is mainly due to the windup expenses not occurring during the period.	742,000	477,681	264,319

Statement of Financial Position

	Actual	Budget	Variance
Cash & cash equivalents			
Term Investments			
	811,320	181,241	630,079
	-	300,000	(300,000)

There is a variance to budget for Cash & cash equivalents and Term Investments as we had budgeted for the Trust to have put \$300,000 of surplus funds into Term Investments as at 30 June 2023. However at 30 June 2023 a larger amount of funds were being held in the Trust bank account instead. Also the Trust has more Cash & cash equivalents as the Trust did not occur the windup costs.

Employee Entitlements

	Actual	Budget	Variance
Employee Entitlements			
Employee entitlements are \$29,545 less than budgeted as the sole employee of the Trust ceased employment as at 30 June 2023 and all entitlements were paid out.	-	29,545	(29,545)

Statement of Cash flows

	Actual	Budget	Variance
Change in term deposit investments			
Payments to Suppliers			
	751,310	0	751,310
	(422,474)	(644,478)	222,004

Payments to Suppliers are less than budgeted by \$222,004. This is mainly due to no wind up costs occurring during this financial year. There is a variation to the budget for change in term deposits investments as more funds were invested in Term Deposits last year than being in the Trust bank account.

